

## Message Text

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PAGE 01 MEXICO 15291 130027Z

ACTION ARA-14

INFO OCT-01 ISO-00 SP-02 USIA-06 AID-05 EB-08 NSC-05  
SS-15 STR-05 OMB-01 CEA-01 CIAE-00 COME-00 FRB-03  
INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01 /083 W  
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R 130014Z SEP 77

FM AMEMBASSY MEXICO  
TO SECSTATE WASHDC 4928  
INFO TREASURY WASHDC

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EO 11652: N/A

TAGS: EFIN MX

SUBJECT: BALANCE OF PAYMENTS DATA

1. BANK OF MEXICO'S ECONOMIC INDICATORS FOR JULY CONTAIN REVISED BALANCE OF PAYMENTS DATA FOR THE FIRST QUARTER OF 1977 AND NEW DATA ON SECOND QUARTER. WHILE YEAR TO YEAR IMPROVEMENT IS IMPRESSIVE, THE DEFICIT WIDENED FROM THE FIRST TO THE SECOND QUARTER, A TREND THAT IS LIKELY TO CONTINUE INTO THE SECOND HALF. DATA BELOW IS IN MILLIONS OF U.S. DOLLARS. THE FIRST FIGURES ARE FOR 1977 I, THE SECOND FOR 1977 II.

2. CURRENT ACCOUNT DEFICIT: 143.4, 339.5

3. EXPORTS OF GOODS AND SERVICES: 1935.6, 1980.2.  
GOODS: 1059.6, 1102.3. SILVER: 49.6, 45.7. TOURISM:  
221.2, 192.6. INTERNATIONAL TRAVEL 24.9, 23.9. FRONTIER  
TRANSACTIONS: 344.8, 361.7. IN-BOND ASSEMBLY PLANTS:  
114.8, 127.2. OTHER: 120.8, 126.8.

4. IMPORTS OF GOODS AND SERVICES: 2079.0, 2319.7.  
IMPORTS OF GOODS: 1,133.2, 1,300.6. TOURISM 56.6, 84.5.

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PAGE 02 MEXICO 15291 130027Z

INTERNATIONAL TRAVEL, 19.1, 32.8. FRONTIER TRANSACTIONS:  
240.5, 267.1. DIVIDENDS, INTEREST, PRIVATE: 184.2, 195.4.  
INTEREST, PUBLIC SECTOR: 316.7, 306.2. OTHER: 128.7,  
133.2.

5. ERRORS AND OMISSIONS: 11.5, -357.2.

6. LONG-TERM CAPITAL: 299.4, 712.9. DIRECT INVESTMENT:  
3.6, 128.4. SECURITY OPERATIONS: 24.7, 133.3. PUBLIC  
SECTOR BORROWING,NET: 284.0, 467.1. PRIVATE SECTOR, NET:  
-4.9, 4.0. EXTERNAL CRFDITS: -8.0, -20.0.

7. CHANGE IN RESERVES: 167.5, 16.2.

8. ABOVE DATA HAS BEEN PUBLICLY RELEASED.

9. COMMENT: THE DRAMATIC REDUCTION (\$1,071.6 MILLION)  
IN THE CURRENT ACCOUNT DEFICIT FROM THE FIRST HALF OF 1976  
TO THE FIRST HALF OF 1977 IS DUE TO THE \$1,148.1 MILLION  
IMPROVEMENT IN THE TRADE ACCOUNT. MEXICO'S GOODS AND  
SERVICES BALANCE MOVED FROM A \$637 MILLION DEFICIT IN THE  
FIRST HALF OF 1976 TO A \$520 MILLION SURPLUS IN THE FIRST  
HALF OF 1977. THE SERVICES BALANCE DECLINED SLIGHTLY, FROM  
\$1038 MILLION TO \$962 MILLION; FACTOR PAYMENTS INCREASED  
FROM \$917 MILLION TO \$1003 MILLION. PRIVATE FACTOR PAY-  
MENTS DECLINED SLIGHTLY WHEREAS PUBLIC SECTOR INTEREST PAY-  
MENTS WERE UP, FROM \$517 MILLION TO \$623 MILLION.

10. THE ERRORS AND OMISSIONS WAS MINUS \$345.7 MILLION IN  
THE FIRST HALF. ASSUMING THE NET INCREASE IN PUBLIC SECTOR  
DEBT IN THE FIRST HALF OF 1977 WAS \$1,3

\* MILLION (FROM

INFORME) AND MEDIUM AND LONG-TERM NET PUBLIC SECTOR BORROW-  
ING WAS 751.1, THEN PUBLIC SECTOR SHORT-TERM BORROWING, NET,  
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PAGE 03 MEXICO 15291 130027Z

WAS ROUGHLY \$600 MILLION. SUBTRACTING THIS FIGURE FROM THE  
ERRORS AND OMISSIONS FIGURE, WHICH INCLUDES SHORT-TERM  
CAPITAL MOVEMENTS LEAVES A RESIDUAL OF ROUGHLY \$950 MILLION.  
PART OF THIS CAN BE EXPLAINED BY THE RUNNING OFF OF FOREIGN  
CREDITS TO THE MEXICAN PRIVATE SECTOR. THIS IS SUPPOSED TO  
HAVE AMOUNTED TO ABOUT \$550 MILLION IN THE FIRST HALF. THE  
BALANCE MAY BE CONTINUED PRIVATE CAPITAL FLIGHT, THOUGH  
THIS IS BY NO MEANS CERTAIN.

11. WHILE THE YEAR TO YEAR IMPROVEMENT IS DRAMATIC, THE  
PATMENTS POSITION SLIPPED FROM THE FIRST TO SECOND QUARTERS.  
THE WIDENING DEFICIT WAS DUE TO A LARGER DEFICIT ON BOTH  
TRADE AND ON NON-FACTOR SERVICES. FACTOR PAYMENTS DECLINED  
BUT ARE LIKELY TO PICK UP IN THE SECOND HALF. WE BELIEVE  
THE CURRENT ACCOUNT DEFICIT WILL WIDEN IN THE THIRD AND  
FOURTH QUARTERS TO ABOUT \$500 MILLION PER QUARTER. IF  
THERE IS A MORE VIGOROUS RECOVERY THAN EXPECTED, THE DEF-  
CIT COULD BE STILL GREATER. IMPORTS, PARTICULARLY OF  
AGRICULTURAL COMMODITIES, ARE LIKELY TO BE UP IN THE SECOND  
HALF. COFFEE EXPORTS ARE LIKELY TO BE LOWER IN VALUE IN  
THE SECOND HALF, THOUGH PETROLEUM EXPORTS SHOULD BE UP BY  
\$100-150 MILLION. ON THE OTHER HAND PETROLEUM SECTOR

IMPORTS ARE LIKELY TO BE UP BY A SIMILAR, IF NOT LARGER  
AMOUNT. THE DRAMATIC IMPROVEMENT REGISTERED IN THE FIRST  
HALF IS EXPECTED BY ALL TO BE TEMPORARY. THE PRESIDENT IN  
HIS STATE OF THE UNION ADDRESS NOTED THE IMPROVEMENT, AND  
ADDED THAT IT IS EXPLAINED IN PART BY THE "CONTRACTION OF  
THE ECONOMY." LUCEY

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** DATA, BALANCE OF PAYMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
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**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977MEXICO15291  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D770330-1184  
**Format:** TEL  
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**Handling Restrictions:** n/a  
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**Line Count:** 122  
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**Message ID:** e2e17f47-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION ARA  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
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**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
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**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 1296552  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** BALANCE OF PAYMENTS DATA  
**TAGS:** EFIN, MX  
**To:** STATE  
**Type:** TE  
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